

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
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BRUSSELS ALSO FOR USEEC
PARIS ALSO FOR OECD

E.O. 11652: N/A
TAGS: ECON, ELAB, EI
SUBJECT: LABOR NARROWLY ACCEPTS NATIONAL WAGE PACT

REFS: A) DUBLIN 522; B) DUBLIN 414; C) DUBLIN 862;
D) DUBLIN A-10

1. THE NATIONAL WAGE PACT NEGOTIATED LAST MONTH BY
REPRESENTATIVES OF IRISH LABOR AND MANAGEMENT WAS
RATIFIED MARCH 22 AT A SPECIAL CONFERENCE OF THE IRISH
CONGRESS OF TRADE UNIONS (ICTU) BY THE NARROW MARGIN OF
240 TO 215. OPPOSITION BY TWO OF IRELAND'S LARGEST
UNIONS, THE IRISH TRANSPORT AND GENERAL WORKERS UNION
AND THE AMALGAMATED TRANSPORT AND GENERAL WORKERS UNION
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HAD PLACED THE AGREEMENT IN JEOPARDY DESPITE
THE RECOMMENDATION OF THE ICTU EXECUTIVE COUNCIL THAT ITS
TERMS BE ACCEPTED. AT THE CONFERENCE SEVERAL SMALL CRAFT
UNIONS WHICH HAVE USUALLY VOTED AGAINST NATIONAL
AGREEMENTS IN THE PAST HELD THE BALANCE, AND THEIR PRO
VOTE SECURED THE PACT'S ACCEPTANCE.

2. KEY FINANCIAL TERMS OF THE AGREEMENT PROVIDE FOR AN EIGHT PERCENT INCREASE (WITH A IRISH POUND 3.50 PER WEEK MINIMUM RAISE) FOR THE FIRST TWELVE MONTHS, PLUS A FURTHER TWO PERCENT HIKE FOR THE SUBSEQUENT THREE-MONTH PERIOD. THERE WILL ALSO BE ROOM FOR WORKERS TO BARGAIN AT THE LOCAL LEVEL FOR AN ADDITIONAL TWO PERCENT, AND FOR FURTHER INCREASES BASED ON SPECIAL CIRCUMSTANCES SUCH AS PRODUCTIVITY GAINS. THE CONTROVERSY OVER THE AGREEMENT CENTERED ON THE NON-FINANCIAL PROVISIONS OF THE PACT, PARTICULARLY THOSE RELATING TO A MANDATORY THREE-WEEK COOLING OFF PERIOD AND A SECRET BALLOT BEFORE OFFICIAL STRIKE ACTION (SEE REF A AND B FOR BACKGROUND).

3. LABOR MINISTER GENE FITZGERALD HAILED THE BALLOT RESULTS AND EXPRESSED OPTIMISM THAT THE AGREEMENT WOULD FACILITATE THE ACHIEVEMENT OF THE GOVERNMENT'S AMBITIOUS GOALS OF STIMULATING A SEVEN PERCENT REAL GNP GROWTH DURING 1978 WHILE HALVING THE INFLATION RATE TO SEVEN PERCENT. THE NARROW MARGIN OF ACCEPTANCE AND THE CONTROVERSY SURROUNDING IT MAY, HOWEVER, LIMIT THE VALUE OF THE PACT AS A STABILIZING FORCE IN IRELAND'S INDUSTRIAL RELATIONS, WHICH HAVE BEEN MARKED IN RECENT MONTHS BY SERIOUS DISRUPTIONS (REF D). SHANNON

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